

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In re Petition of

STANDARD TANDEM LLC

for Registration and Competitive
Classification as a
Telecommunications Company.

DOCKET UT-190864

NOTICE OF INTENT TO
DENY PETITION FOR
REGISTRATION

NOTICE OF HEARING
(Set for January 29, 2020,
at 9:30 a.m.)

BACKGROUND

- 1 On October 17, 2019, Standard Tandem LLC (Standard Tandem or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition for registration and competitive classification (Petition).
- 2 Pursuant to Revised Code of Washington (RCW) 80.36.350, telecommunications companies must petition for registration on a form prescribed by the Commission and must include information that the Commission may by rule require. At a minimum, under RCW 80.36.350, the petition must include the name and address of the company, its most current balance sheet, and additional items enumerated in the statute.
- 3 Washington Administrative Code (WAC) 480-121-020 sets forth requirements for applications for registration, and states that applications for registration must be in the form prescribed by the Commission. The Commission's registration form states, "Include the following: Current Balance Sheet." WAC 480-121-040 provides that the Commission may grant an application for registration without a hearing when the application contains certain enumerated items, including the "most current balance sheet."
- 4 A detailed definition of "balance sheet" is as follows:

A statement of a company's assets, liabilities, and stockholder equity at a given period of time, such as the end of a quarter or year. A balance sheet is a record of what a company has and how it has come to have it. A balance sheet is divided into two main sections, one that records assets and one that records liabilities and stockholder equity. The assets should generally equal the liabilities and stockholder equity because the latter two are how the company paid for its assets. Examples of

items recorded as assets include accounts receivable and property, plants, and equipment. Examples of liabilities include accounts payable and long-term bonds.¹

5 The Commission may deny a petition for registration pursuant to WAC 480-121-040(2) if, after hearing, the Commission finds that the petition is not consistent with the public interest, that the applicant failed to provide the information required by RCW 80.36.350, or that the applicant does not possess adequate financial resources to provide the proposed service.

6 The Commission must take action to approve or issue a notice of hearing concerning any petition for registration within 30 days after receiving the petition. The Commission may deny an application after hearing.²

7 Commission staff (Staff) reviewed the Petition, and recommends the Commission deny the Petition for reasons set out below.

FACTUAL ALLEGATIONS

8 Standard Tandem has not provided a balance sheet. State law unequivocally requires the provision of an applicant's "most current balance sheet." Instead, the Company provided a document that it terms "the required financials." The document appears to be a copy of a bank statement for a business checking account in the name of Standard Tandem LLC. A line on the document states, "All transactions, 08/23/2019 to 08/23/2019." Otherwise, the document is undated.

9 A checking account statement showing transactions in August is not a "balance sheet" and is not "most current" given that the application was filed in October.

10 Without a balance sheet, Staff cannot evaluate whether the Company possesses sufficient financial resources to provide the proposed services.

11 Staff has attempted to contact Standard Tandem but has not received a response. Staff alleges that the Company's failure to provide a balance sheet constitutes a failure to comply with state law and Commission application requirements and indicates that granting the Petition is inconsistent with the public interest.

DISCUSSION

12 The Commission agrees with Staff's recommendation and will deny the Petition unless the Company provides evidence to disprove the allegations or otherwise

¹ *The Free Dictionary*, <https://financial-dictionary.thefreedictionary.com/balance+sheet> (accessed Nov. 8, 2019).

² RCW 80.36.350.

remedy the deficiencies in the Petition. The information Staff provided indicates that Standard Tandem's non-compliance with Commission application requirements render the Company unfit to serve as a telecommunications company in the state of Washington.

- 13 Staff's findings support the conclusion that the Petition does not meet the requirements of WAC 480-121-020(3) and RCW 80.36.350, that approving the registration is not in the public interest, and that the Commission should set this matter for hearing to provide the Company with the opportunity to present evidence to refute that conclusion.

NOTICE

- 14 The Commission hereby provides notice of its intention to deny Standard Telecom's petition for registration and competitive classification for failure to meet the registration requirements in RCW 80.36 and WAC 480-121. Standard Telecom has the opportunity to contest any factual allegations in this notice at the hearing detailed below. Pursuant to RCW 80.36.350, unless and until the Commission approves the Company's registration, Standard Telecom is not authorized to operate in Washington as a telecommunications company.
- 15 Pursuant to RCW 34.05.482 and WAC 480-07-610, the Commission determines that a brief adjudicative proceeding is appropriate for determining whether the Petition should be denied due to the concerns raised after Staff's review.
- 16 **THE COMMISSION GIVES NOTICE That it will hold a brief adjudicative proceeding on this matter on January 29, 2020, at 9:30 a.m. in the Commission's Richard Hemstad Hearing Room, 621 Woodland Square Loop SE, Lacey, Washington.**
- 17 The record in this case will consist of any documents regarding the matter that are considered by or prepared for the presiding officer for the brief adjudicative proceeding and a transcript of any oral statements given at the hearing, which statements will be given under oath.
- 18 Written notice of any other stage in the proceeding or other formal proceedings that the Commission may deem appropriate will be given during the course of this case. The Commission will provide at its offices in Lacey, Washington, copies of documents in the current record for use by the parties or others who may want to review them.
- 19 Parties wishing to submit any other documents for consideration at the brief adjudicative proceeding must file the documents with the Commission along with a list enumerating the documents no later than 5 p.m. on January 22, 2019, and bring

an original and three (3) copies of the documents to the hearing. Filing shall be in accordance with WAC 480-07-140.

20 **THE COMMISSION GIVES NOTICE that any party who fails to attend or participate in the brief adjudicative proceeding set by this Notice, or any other stage of this proceeding, may be held in default under RCW 34.05.440 and WAC 480-07- 450.**

21 The names and mailing addresses of all parties and their known representatives are shown as follows:

Applicant: Standard Tandem LLC
4300 E. Pacific Coast Highway
Long Beach, CA 90804

Representative: Carey Roesel
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Commission: Washington Utilities and
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22 Administrative Law Judge Rayne Pearson, from the Commission's Administrative Law Division, will preside during this proceeding.³

DATED at Lacey, Washington, and effective November 18, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary

³ Judge Pearson may be reached by phone at (360) 664-1136 or by email at rayne.pearson@utc.wa.gov.